

Message Text

CONFIDENTIAL

PAGE 01 ASUNCI 05232 281857Z

ACTION ARA-14

INFO OCT-01 ISO-00 HA-05 PM-05 NSC-05 SP-02 SS-15
CIAE-00 INR-07 NSAE-00 AID-05 IGA-02 OES-07 L-03
H-01 EB-08 TRSE-00 OMB-01 /081 W
-----024673 281902Z /44

P 281805Z DEC 77

FM AMEMBASSY ASUNCION

TO SECSTATE WASHDC PRIORITY 1909

C O N F I D E N T I A L ASUNCION 5232

EO 11652: GDS

TAGS: EFIN, SHUM, PA, EAID

SUBJECT: APPROVAL OF FUNDING FOR AID PROJECTS IN PARAGUAY

REF ASUNCION 5039

SUMMARY. TO ACHIEVE OUR HUMAN RIGHTS OBJECTIVES IN PARAGUAY IT IS ESSENTIAL THAT THE US POSITION ON BILATERAL ASSISTANCE BE CONSISTENT WITH OUR STANCE IN THE IFIS. THIS MESSAGE SETS FORTH THE EMBASSY'S VIEW ON AID ASSISTANCE GENERALLY, AND TREATS SPECIFICALLY THE APPLICATION OF THE POLICY TO INCREMENTAL FUNDING OF TWO ON-GOING GRANT PROJECTS NOW PENDING APPROVAL IN WASHINGTON. END SUMMARY.

2. THE USAID DIRECTOR HAS ADVISED ME THAT A NUMBER OF AID PROJECTS AWAIT FUNDING APPROVAL OR WILL SOON BE PRESENTED FOR AUTHORIZATION. IN REFTEL I SET FORTH MY VIEWS AND RECOMMENDATIONS ON LOANS THROUGH THE IFIS. TO ASSURE THAT WE CONVEY CLEAR SIGNALS TO THE GOP, IT IS IMPERATIVE THAT WE TREAT BILATERAL AID ASSISTANCE IN THE SAME WAY. OUR IMMEDIATE OBJECTIVE IS TO PERSUADE THE GOP TO FIX A DATE FOR THE VISIT OF THE INTER-AMERICAN HUMAN RIGHTS COMMISSION (IAHRC). UNTIL THAT IS DONE, I RECOMMEND THAT WE NEITHER
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ASUNCI 05232 281857Z

AUTHORIZE NOR APPROVE FUNDING OF ANY NEW AID PROJECTS FOR PARAGUAY.

2. DECISIONS ON FUNDING OF ON-GOING PROJECTS INVOLVE ADDITIONAL CONSIDERATIONS. AN ON-GOING PROJECT INVOLVES A US COMMITMENT WHICH WE SHOULD KEEP UNLESS THE GOVERNMENT HAS RENEGED ON A COMMITMENT TO US, OR

HAS TAKEN ACTIONS WHICH SIGNIFY A CHANGE FOR THE WORSE IN THE HUMAN RIGHTS SITUATION. AS THE RECENT REPORT OF THE INTERNATIONAL LEAGUE FOR HUMAN RIGHTS MAKES CLEAR, "WITHIN THE CONTEXT OF THE CRISIS IN HUMAN RIGHTS WHICH HAS PERSISTED FOR OVER TWO DECADES ... THERE HAS BEEN SOME IMPROVEMENT THIS YEAR." THEREFORE, IN REFTEL I OUTLINED A POSITION I WOULD DESCRIBE AS UNRESPONSIVE BUT NOT PUNITIVE.

3. I BELIEVE THAT BREAKING A COMMITMENT TO A PROGRAM IS PUNITIVE AND SHOULD BE TAKEN ONLY WHEN GOVERNMENT ACTIONS WARRANT AN ESCALATION. I THEREFORE PROPOSE THAT DECISIONS ON SMALL ON-GOING GRANT PROJECTS BE MADE ON AN AD HOC BASIS IN THE LIGHT OF THE PREVAILING CIRCUMSTANCES. WHEN APPROVED, INCREMENTAL FUNDING OF SMALL GRANT PROJECTS INVOLVE ALMOST NO RISK OF BEING MISINTERPRETED AS A SOFTENING OF THE US POSITION BECAUSE THESE ARE ROUTINE ACTIONS WHICH DO NOT ENGAGE THE ATTENTION OF THE POLICY MAKERS OF THE GOP.

4. THE TWO ON-GOING PROJECTS PENDING REVIEW BY THE CHRISTOPHER GROUP ARE CREDICOOP (COOPERATIVE FEDERATION) AND FAMILY PLANNING. BOTH PROJECTS DEMONSTRABLY SERVE THE NEEDS OF THE RURAL POOR. CREDICOOP IS PROVIDING FINANCIAL AND TECHNICAL ASSISTANCE TO 4,000 SMALL FARMERS. IT IS A PRIVATE DEMOCRATIC INSTITUTION
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ASUNCI 05232 281857Z

PROMOTING GRASS ROOTS PARTICIPATION OF ITS RURAL MEMBERS AND INCORPORATING WOMEN INTO THE DEVELOPMENT PROCESS. WHEN THE PROJECT WAS INITIATED WITH A \$3 MILLION AID LOAN, THE US PLEDGED GRANT FUNDING TO PROVIDE TECHNICAL ASSISTANCE AND OPERATING EXPENSES TO ENABLE THE FEDERATION TO ACHIEVE TECHNICAL AND FINANCIAL SELF-SUFFICIENCY BY THE TIME THE LOAN WAS FULLY DISBURSED. OUR FUNDS GO DIRECTLY TO THE FEDERATION AND DO NOT PASS THROUGH GOVERNMENT HANDS. THE GRANT FUNDS (625,000) ARE USED PRINCIPALLY TO FUND TWO ADVISORS UNDER A CONTRACT WITH THE CREDIT UNION NATIONAL ASSOCIATION (CUNA) TO DEVELOP THE CRITERIA AND TECHNIQUES WHICH ASSURE THAT THE LOAN FUNDS EFFECTIVELY BENEFIT SMALL FARMERS. WITHHOLDING THE GRANT FUNDS AT THIS TIME WOULD NOT ONLY REPRESENT A FAILURE TO LIVE UP TO OUR PLEDGE; IT WOULD ALSO THREATEN THE VIABILITY OF A PROJECT WHICH, UP TO THIS POINT, HAS ALL THE EARMARKS OF A SUCCESSFUL AID UNDERTAKING.

5. THE FAMILY PLANNING PROJECT WAS INITIATED HERE BECAUSE IT RESPONDED TO WHAT THE US PERCEIVED AS ITS INTERESTS RATHER THAN TO ANY DEVELOPMENT PRIORITY

OF THE GOP. AS A CONSEQUENCE, THE US HAS UNTIL VERY
RECENTLY PAID THE FULL COST OF THE PROJECT. WE HAVE
HAD SOME SUCCESS AS THE PROGRAM HAS CREATED AN INCREASING
DEMAND FOR FAMILY PLANNING SERVICES TO WHICH
THE GOVERNMENT WILL HAVE TO RESPOND DESPITE OFFICIAL
LACK OF ENTHUSIASM FOR SUCH ACTIVITIES. WE ARE NOW
AT THE POINT WHERE THE GOVERNMENT MUST DECIDE WHETHER
TO PICK UP OVER \$80,000 OF LOCAL COSTS. IF THEY DO
NOT PICKUP THESE COSTS, THE PROGRAM WILL END. IF
THEY FIND THE COUNTERPART, THE US WILL HAVE ACHIEVED
SOME COMMITMENT BY THE GOP TO FAMILY PLANNING. MOST
HIGH OFFICIALS OF THE GOP HAVE NO INTEREST IN THE
PROGRAM AND WOULD BE GLAD IT IT DISAPPEARED. THERE-
FORE, THIS PROJECT HAS NO LEVERAGE FOR OUR IMMEDIATE
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 ASUNCI 05232 281857Z

OBJECTIVES. CUTTING OFF FUNDING WOULD ONLY TAKE THE
PRESSURE OFF THE GOP TO ABSORB THE LOCAL COSTS. THE
PRINCIPAL EFFECT WOULD BE TO CURTAIL THE RATE OF
EXPANSION OF SUCH SERVICES FOR RURAL WOMEN.

6 THEREFORE, I SEE NO OBJECTION TO AID CONTINUING
TO FUND THESE TWO PROJECTS AND RECOMMEND THEIR
APPROVAL.

WHITE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN ASSISTANCE, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Sent Date: 28-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ASUNCIO5232
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770483-0858
Format: TEL
From: ASUNCION
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771214/aaaaalan.tel
Line Count: 145
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d4085efc-c188-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 ASUNCION 5039
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 31-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 124519
Secure: OPEN
Status: NATIVE
Subject: APPROVAL OF FUNDING FOR AID PROJECTS IN PARAGUAY
TAGS: EFIN, SHUM, EAID, PA, US
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/d4085efc-c188-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009